# GOVERNMENT OF INDIA
# MICRO,SMALL AND MEDIUM ENTERPRISES
# LOK SABHA

UNSTARRED QUESTION NO:3643
ANSWERED ON:08.08.2016
Public Procurement Policy
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**Will the Minister of MICRO,SMALL AND MEDIUM ENTERPRISES be pleased to state:**

(a) whether the Government has fixed a minimum percentage of procurement of produce from the Micro, Small and Medium Enterprises (MSMEs) by the Central Government departments ministries etc. if so, the details thereof;

(b) whether the Government holds regular meetings of review committee established under the Public Procurement Policy Order, 2012;

(c) if so, the details thereof along with the decisions taken in the last such meetings and the follow up action taken by the Govt. thereon;

(d) whether any amendments have been made by the Government in the list of items reserved for procurement from MSME units without approval of the review committee and if so, the details thereof; and

(e) whether the Government provides incentives to the MSMEs to market and sell their products; if so, the details thereof?

## Answer

MINISTER OF STATE IN THE MINISTRY OF
MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI HARIBHAI PARATHIBHAI CHAUDHARY)

(a): The Government of India has notified Public Procurement Policy for Micro and Small Enterprises (MSEs) Order, 2012 under which a minimum of 20% of the total annual procurement is to be done from Micro & Small Enterprises by Central Ministries/Departments/PSUs. w.e.f. 1st April 2015. Out of this 20% target of annual procurement from MSEs, a sub-target of 4% has been earmarked for procurement from MSEs owned by SC/ST entrepreneurs.

(b)&(c): Review Committee meetings are held as per para 12 of the Policy. Till date 5 such meetings have been held on 31.3.2014, 3.3.2016, 6.4.2016, 27.5.2016 and 12.7.2016.

Depending upon issues raised, various decisions have been taken by the Review Committee which include granting one time exemption to CISF for procurement of 74,375 meters of Cloth Shirt Angola from Non-MSEs, appointment of Handicrafts and Handloom Exports Corporation of India Ltd., New Delhi and Tribal Cooperative Marketing Development Federation of India Ltd., New Delhi as aggregators for source of supplier for Handicraft items, and issue of clarification relating to products covered under Sl. No. 202 of the Policy relating to Paper Conversion Products.

(d): No amendments have been carried out in the list of 358 items reserved for exclusive procurement from Micro and Small Enterprises.

(e): The Public Procurement Policy is applicable only to Micro and Small Enterprises. The following benefits are provided to the registered MSEs:-

1. Tender Set free of cost.
2. Exemption from the payment of Earnest Money.
3. In tender, participating MSEs quoting price within price band of L1 + 15% shall also be allowed to supply a portion of requirement by bringing down their price to L1 price in a situation where L1 price is from someone other than a MSE and such MSE shall be allowed to supply atleast 20% of the total tendered value.
4. 358 items are reserved for exclusive procurement from MSEs.

Financial Assistance is provided to MSEs in the form of Space Rent, Air fare etc for participating in Domestic Trade Fairs and International Trade Fairs, in order to market and sell their products under Marketing Assistance & Technology Up-gradation (MATU) scheme.

Financial Assistance is also provided for obtaining Bar Code one time registration fee and Annual recurring fee (for first three years).

Under the International Cooperation Scheme, financial assistance is provided on reimbursement basis to MSMEs for deputation of business delegation to other countries for exploring new areas of business, participation of Indian MSMEs in international exhibitions, trade fairs, buyer seller meet and for holding international conference and seminars which are in the interest of MSME Sector.

Under another Marketing Assistance Scheme , which is being implemented through National Small Industries Corporation(NSIC), financial assistance is provided in order to promote marketing efforts and to enhance the competency of the MSMEs for capturing the new market opportunities way of organizing/participating in various domestic & international exhibitions/trade fairs, buyer-seller meet, intensive campaigns/seminars and consortia formation.